

Council on Postsecondary Education
February 3, 2003

Executive Summary

Cross-Cutting Issues

The 2002 Kentucky General Assembly did not reach agreement on a 2002-04 operating budget during both the Regular Session and the First Extraordinary Session. On June 26, the Governor issued Executive Order 2002-727 implementing a FY 2003 executive spending plan.

On November 25, 2002, the state budget director requested that the council staff develop a budget reduction contingency plan for Kentucky's system of postsecondary education. Postsecondary education was asked to prepare for state General Fund appropriation reductions of 2.6 percent in FY 2003 and 5.2 percent in FY 2004. The council president, the university presidents, and the president of KCTCS agreed to use the benchmark process to develop the system response. The postsecondary education system budget reduction contingency plan was submitted to the state budget director December 5, 2002. The agenda item and accompanying attachment discuss the implications of a budget reduction for the system and some of the decisions institutions are considering to address the budget reductions while maintaining access for students (see page 17).

On January 29, the council president and the presidents of the public institutions will testify before the Budget Review Subcommittee on Education of the House Appropriations and Revenue Committee on the impact of budget cuts on the system.

The staff recommends that the council endorse the resolution adopted by the Partners for Kentucky's Future. (For details, see page 35).

The council has joined with a group of education leaders to push for continuation of reform at all levels of education in Kentucky. This group, called the Partners for Kentucky's Future, is comprised of local school officials, college and university presidents, child and adult education providers and advocates, education advocacy groups such as the Prichard Committee for Academic Excellence and the Council for Better Education, and the Kentucky Chamber of Commerce. The Partners formally adopted a resolution asserting the goals of the group and stating publicly that they are united behind reform efforts at all levels. The Council on Postsecondary Education is asked to show its support for the efforts of the Partners for Kentucky's Future by formally endorsing the resolution.

At the outset of the 2002-04 budget development process, the university presidents, KCTCS president, and the council president agreed to a set of points

of consensus as the basis for the council's operating and capital guidelines for its budget recommendations. Over the past four months through meetings of the presidents, the chief budget officers, and the chief academic officers, the points of consensus were revised to guide the development of the 2004-06 operating and capital recommendations. Following discussion by the council, the points of consensus will be shared with the Strategic Committee on Postsecondary Education at its March 3, 2003, meeting. More information, including a copy of the points of consensus document, begins on page 41 of this agenda book.

House Bill 1 established investment and incentive trust funds to advance the goals of postsecondary reform. The council is responsible for establishing criteria for the allocation of the funds and requiring the institutions to report on the uses of the funds to ensure accountability.

For the first time, the trust fund reports are presented collectively, integrating program outcomes and finances. This method consolidates and streamlines the reporting process for the institutions and the council and provides a comprehensive picture of how the trust fund programs are contributing to the goals of reform.

Since 1997, \$28,900,000 from the trust fund programs reviewed here have been transferred to the institutions' base budgets. With the exception of the

Endowment Match Program, which is not allocated to base budgets, this represents all but \$100,000 of the total dollars placed in the trust funds reviewed here.

The review shows that, on the whole, the institutions have developed programs using trust funds that are advancing the goals of reform. The agenda item also outlines steps the council staff is taking to ensure the funds are used effectively over the long term and that reporting improves. The trust fund reports begin on page 49 of this agenda book.

The Institute for Effective Governance will hold its spring seminar May 19 and 20 in Lexington. The topic is board/president relationships, including presidential evaluation and compensation. The format will be similar to the fall trusteeship conference in that time will be set aside so that individual boards will discuss case studies pertaining to the topic. All governing board members, presidents, and council members should plan to attend.

After a four-day organizational session in early January, the General Assembly returns to formal session February 4. The staff will provide at the February 3 meeting an up-to-date list of bills that relate to postsecondary education and will be available to discuss them.